



**Interim Report 2<sup>nd</sup> quarter 2010**  
**Nordea Eiendomskreditt AS**

## Nordea Eiendomskreditt AS

*(Previous year comparable figures for the company are shown in brackets)*

Nordea Eiendomskreditt's business objective is to make and acquire residential mortgage loans, and to fund its lending activities principally by issuing bonds with a priority right of recourse to the company's collateral for its lending ("covered bonds").

### Profit and loss account

Nordea Eiendomskreditt AS reports a profit from ordinary activities after loan losses but before tax for the first six months of 2010 of NOK 240.0 million (NOK 172.2 million).

The profit reported is equivalent to a post-tax return on average equity (including accrued profit for the year) of 10.8% (8.8%) on an annualised basis.

Net interest income for the six months to 30 June 2010 amounted to NOK 318.8 million (NOK 219.6 million), equivalent to 1.08% (1.79%) of average total assets on an annualised basis.

Total operating expenses for the first six months amounted to NOK 40.9 million (NOK 21.0 million), equivalent to 0.14% (0.17%) of average total assets on an annualised basis.

Loan losses and provisions recognised in the accounts for the first six months totalled NOK 49.5 million. Of this amount, NOK 46.0 million relates to provision for losses on groups of loans, while NOK 3.5 million relates to provision for losses on individually assessed loans. The same period last year saw net loan losses of NOK 25.1 million recognised in the accounts.

Total assets amounted to NOK 82,533.5 million at 30 June 2010 (NOK 24,611.7 million).

### Equity and capital adequacy

The company's share capital is NOK 1,534 million. Total equity at 30 June 2010, including undistributed post-tax profit for the year to date, amounted to NOK 3,531 million.

The company's net primary capital in accordance with the Basel II regulations amounted to NOK 3,275 million at the end of the first six months (NOK 2,495 million), made up solely of core capital.

Risk weighted assets excluding the transition rules totalled NOK 14,634 million at the close of the second quarter as compared to NOK 36,675 million including the transition rules.

The capital ratio was 22.4% excluding the transition rules and 8.9% including the transition rules. Profit for the year to date is not included in the calculation of capital ratio since these earnings are not yet audited.

Primary capital was NOK 2,104 million higher than the minimum Pillar 1 capital requirement of NOK 1,171 million excluding the transition rules. Further explanation of the transition rules can be found in Note 7.

### Funding

The company's funding is principally made up of the issue of covered bonds totalling NOK 65.0 billion and short-term borrowing from the parent bank totalling NOK 13.4 billion.

### Lending

The gross book value of loans outstanding amounted to NOK 82,330.5 million at 30 June 2010 (NOK 23,482.6 million), which consists entirely of residential mortgage loans that are managed by Nordea Bank Norge ASA. NOK 78.8 billion of the loan portfolio is included in the collateral pool for covered bonds issued. This represents surplus collateral of 21.3% in relation to the covered bonds issued.

**Interest rate hedging**

The company uses interest rate swaps to hedge the interest rate risk that arises as a result of differences between interest rate fixing periods on its lending and funding. At the close of the first six months of 2010, the company was party to interest rate swaps with nominal value of NOK 5.9 billion. In accordance with IFRS, interest rate swaps and the fixed-rate lending that they hedge are recognised at fair value.

**Loans in default and assets repossessed**

The Nordea Eiendomskreditt loan portfolio included loans in default totalling NOK 96.1 million at 30 June 2010 (NOK 18.3 million). This is equivalent to 0.12% (0.08%) of the loan portfolio.

**Ownership**

The entire share capital of Nordea Eiendomskreditt AS is owned by Nordea Bank Norge ASA.

Oslo, 11 August 2010  
The Board of Directors of  
Nordea Eiendomskreditt AS

## Key financial figures

Summary of income statement (NOK mill.)	Jan-Jun 2010	Jan-Jun 2009	Year 2009
<b>Net interest income</b>	<b>318,8</b>	<b>220,0</b>	<b>334,6</b>
Net gains/losses on items at fair value	-1,0	-1,0	0,6
Other income	12,6	0,3	4,4
<b>Total operating income</b>	<b>330,4</b>	<b>218,0</b>	<b>339,6</b>
Staff costs	-3,8	-14,0	-34,3
Other expenses	-37,1	-7,0	-13,6
<b>Total operating expenses</b>	<b>-40,9</b>	<b>-21,0</b>	<b>-47,9</b>
Loan losses (negative figures are reversals)	49,5	25,0	-5,1
<b>Operating profit</b>	<b>240,0</b>	<b>172,0</b>	<b>296,7</b>
Income tax expense	67,2	48,0	75,1
<b>Net profit for the year</b>	<b>172,8</b>	<b>124,0</b>	<b>221,6</b>
Summary of balance sheet (NOK mill.)	30 Jun 2010	30 Jun 2009	31 Dec 2009
Instalment loans	82.330,5	23.483,0	57,2
Allowance for loan losses	-49,5	-31,0	-
Other assets	252,5	1.161,0	3.382,1
Debt securities in issue	65.000,0	1.184,0	-
Other liabilities	14.002,3	20.765,0	678,2
Equity	3.531,2	2.663,0	2.760,8
<b>Total assets</b>	<b>82.533,5</b>	<b>24.612,0</b>	<b>3.439,0</b>
Average total assets	59.603,4	24.571,0	19.913,5
Ratios and key figures	Jan-Jun 2010	Jan-Jun 2009	Year 2009
Earnings per share (NOK)	22,72	8,08	14,45
Equity per share (NOK) <sup>1</sup>	230,25	173,64	180,02
Shares outstanding, million <sup>1)</sup>	15,34	15,34	15,34
Net interest income ( % of average total assets)	1,08 %	1,79 %	1,68 %
Profit after tax ( % of average total assets)	0,58 %	1,01 %	1,11 %
Operating expenses ( % of average total assets)	0,14 %	0,17 %	0,24 %
Cost/income ratio	12,39 %	9,60 %	14,11 %
Tier 1 capital ratio, excl transition rules <sup>1,2</sup>	22,38 %	17,90 %	152,24 %
Total capital ratio, excl transition rules <sup>1,2</sup>	22,38 %	17,90 %	152,24 %
Tier 1 capital ratio <sup>1,2</sup>	8,93 %	13,20 %	152,24 %
Total capital ratio <sup>1,2</sup>	8,93 %	13,20 %	152,24 %
Capital base (NOK mill.) <sup>1,2</sup>	3.275	2.495	2.757
Risk-weighted assets incl transition rules (NOK mill.) <sup>1</sup>	36.675	18.908	1.811
Equity ratio <sup>1</sup>	4,28 %	10,82 %	80,28 %
Post-tax return on average equity, annualised basis	10,78 %	8,82 %	7,91 %

<sup>1)</sup> End of period

<sup>2)</sup> The audited result is included for the year 2009. The unaudited result is not included in the interim figures.

## Income Statement

NOK 1000	Note	Jan-Jun 2010	Jan-Jun 2009	Q2 2010	Q2 2009
Interest and related income on loans and deposits with financial institutions		7.012	9.220	-299	3.270
Interest and related income on loans to customers		1.020.856	586.171	652.571	257.501
Interest and related income on interest bearing securities		0	1.492	0	750
Other interest and related income		373.277	59	373.277	59
<b>Total interest and related income</b>		<b>1.401.145</b>	<b>596.942</b>	<b>1.025.549</b>	<b>261.580</b>
Interest and related expense on liabilities to financial institutions		77.484	306.295	58.538	121.367
Interest and related expense on securities issued		596.183	45.283	384.952	24.614
Interest and related expense on subordinated loans		3.737			
Other interest and related expense		404.956	25.755	394.221	18.107
<b>Total interest and related expense</b>		<b>1.082.360</b>	<b>377.333</b>	<b>837.711</b>	<b>164.088</b>
<b>Net interest income</b>		<b>318.785</b>	<b>219.609</b>	<b>187.838</b>	<b>97.492</b>
<b>Total commission and fee income from banking services</b>		<b>12.346</b>	<b>252</b>	<b>7.774</b>	<b>61</b>
<b>Total commission and fee expense for banking services</b>		<b>4</b>	<b>481</b>	<b>3</b>	<b>158</b>
Unrealised gains/losses		-968	-1.083	-566	675
Realised gains/losses		0	-61	0	
<b>Total net gains/losses on items at fair value</b>	<b>3</b>	<b>-968</b>	<b>-1.144</b>	<b>-566</b>	<b>675</b>
Other operating income		215		215	
<b>Other operating income</b>		<b>215</b>	<b>0</b>	<b>215</b>	<b>0</b>
<b>Net operating income</b>		<b>330.373</b>	<b>218.236</b>	<b>195.257</b>	<b>98.070</b>
Salaries		3.418	8.867	980	3.306
Pension costs		104	2.815	42	1.408
Social security payments		306	2.188	106	1.135
Administration expenses		36.838	4.731	23.882	2.605
<b>Total staff costs and general administration expenses</b>		<b>40.666</b>	<b>18.601</b>	<b>25.010</b>	<b>8.454</b>
<b>Depreciation of tangible fixed assets</b>		<b>0</b>	<b>194</b>	<b>0</b>	<b>84</b>
Real estate operating expenses			66		48
Other operating expenses		255	2.099	79	1.425
<b>Total other operating expenses</b>		<b>255</b>	<b>2.165</b>	<b>79</b>	<b>1.473</b>
<b>Total operating expenses</b>		<b>40.921</b>	<b>20.960</b>	<b>25.089</b>	<b>10.011</b>
<b>Operating profit before loan losses and tax</b>		<b>289.452</b>	<b>197.276</b>	<b>170.168</b>	<b>88.059</b>
Loan losses (negative figures are reversals)	4	49.471	25.076	49.477	13.625
<b>Operating profit before tax</b>		<b>239.981</b>	<b>172.200</b>	<b>120.691</b>	<b>74.434</b>
Income tax expense		67.195	48.336	33.793	20.941
<b>Net profit for the year</b>		<b>172.786</b>	<b>123.864</b>	<b>86.897</b>	<b>53.493</b>
<b>Allocated to:</b>					
Shareholders of Nordea Eiendomskreditt AS		172.786	123.864	86.897	53.493
<b>Total allocation</b>		<b>172.786</b>	<b>123.864</b>	<b>86.897</b>	<b>53.493</b>

## Statement of comprehensive income

NOK 1000	Jan-June 2010	Q2 2010	Jan-June 2009	Q2 2009
Net profit for the period	172.786	86.897	123.864	53.493
Other comprehensive income	0	0	0	0
<b>Total comprehensive income</b>	<b>172.786</b>	<b>86.897</b>	<b>123.864</b>	<b>53.493</b>
<b>Allocated to:</b>				
Shareholders of Nordea Eiendomskreditt AS	172.786	86.897	123.864	53.493
<b>Total allocation</b>	<b>172.786</b>	<b>86.897</b>	<b>123.864</b>	<b>53.493</b>

## Balance sheet

Assets	Note	30 Jun 2010	30 Jun 2009	31 Dec 2009
NOK 1000				
<b>Cash and balances with central banks</b>			<b>4</b>	<b>2</b>
Loans and receivables to credit institutions, payable on demand		32.205	263.143	8.417
Loans and receivables to credit institutions, fixed terms			500.000	3.147.000
<b>Total loans and receivables to credit institutions</b>		<b>32.205</b>	<b>763.143</b>	<b>3.155.417</b>
Instalment loans		82.330.467	23.482.583	57.190
Write-downs of individual loans	4	-3.485	-1.387	0
Write-downs of groups of loans	4	-46.000	-30.100	
<b>Total net loans and receivables to the public</b>		<b>82.280.982</b>	<b>23.451.096</b>	<b>57.190</b>
Interest bearing securities issued by central and local government			49.983	0
Interest bearing securities - other issuers				
<b>Total interest-bearing securities</b>		<b>0</b>	<b>49.983</b>	<b>0</b>
Deferred tax assets			4.232	4.144
<b>Total intangible assets</b>		<b>0</b>	<b>4.232</b>	<b>4.144</b>
Machinery and equipment			2.241	0
Buildings in own use			1.694	0
<b>Total property and equipment</b>		<b>0</b>	<b>3.935</b>	<b>0</b>
Derivatives and fair value changes of the hedged items in portfolio hedge of interest rate risk	6	94.939	154.948	0
Other assets		751	1.680	221.865
<b>Total other assets</b>		<b>95.691</b>	<b>156.628</b>	<b>221.865</b>
Accrued income		124.652	182.355	232
Prepaid expenses		0	359	172
<b>Total prepaid expenses and accrued income</b>		<b>124.652</b>	<b>182.714</b>	<b>404</b>
<b>Total assets</b>		<b>82.533.531</b>	<b>24.611.737</b>	<b>3.439.022</b>

Note 5

**Liabilities and equity**

NOK 1000

**30 Jun 2010****30 Jun 2009****31 Dec 2009**

Loans and deposits from financial institutions			59.840
Deposits by credit institutions - fixed term	13.400.000	19.834.723	0
<b>Total deposits by credit institutions</b>	<b>13.400.000</b>	<b>19.834.723</b>	<b>59.840</b>
Bond loans	65.000.000	1.415.873	0
- own holdings of non-amortised bonds	0	-231.983	0
<b>Total debt securities in issue</b>	<b>65.000.000</b>	<b>1.183.890</b>	<b>0</b>
Derivatives and fair value changes of the hedged items in portfolio hedge of interest rate risk	6	145.863	186.064
Current tax liabilities	370.036	48.271	76.208
Accounts payable	0	2.057	375
Other liabilities	76.035	45.235	1.059
<b>Total other liabilities</b>	<b>591.933</b>	<b>281.627</b>	<b>80.229</b>
<b>Accrued expenses and prepaid income</b>	<b>7.257</b>	<b>125.183</b>	<b>15.983</b>
Retirement benefit obligations	2.152	23.056	22.144
Deferred tax	977		
<b>Total provisions for other liabilities and expenses</b>	<b>3.129</b>	<b>23.056</b>	<b>22.144</b>
Subordinated loan capital	0	500.000	500.000
Repayable members' contributions	0	249	0
<b>Total subordinated liabilities</b>	<b>0</b>	<b>500.249</b>	<b>500.000</b>
Share capital	1.533.627	1.533.627	1.533.627
Retained earnings	1.824.799	1.005.518	1.005.605
Other reserves	0		0
<b>Total</b>	<b>3.358.426</b>	<b>2.539.145</b>	<b>2.539.232</b>
<b>Net profit for the period</b>	<b>172.786</b>	<b>123.864</b>	<b>221.594</b>
<b>Total equity</b>	<b>3.531.212</b>	<b>2.663.009</b>	<b>2.760.826</b>
<b>Total liabilities and equity</b>	<b>82.533.531</b>	<b>24.611.737</b>	<b>3.439.023</b>

Note 5

## Statement of changes in equity

NOK 1000	Share capital <sup>1)</sup>	Other equity	Total equity
<b>Opening balance at 1 Jan 2010</b>	<b>1.533.627</b>	<b>1.227.199</b>	<b>2.760.826</b>
Group contribution 2009		597.600	597.600
Share-based payments			0
Total comprehensive income		172.786	172.786
<b>Closing balance at 30 June 2010</b>	<b>1.533.627</b>	<b>1.997.585</b>	<b>3.531.212</b>

NOK 1000	Share capital <sup>1)</sup>	Other equity	Total equity
<b>Opening balance at 1 Jan 2009</b>	<b>1.533.627</b>	<b>1.250.226</b>	<b>2.783.853</b>
Group contribution 2008		-244.800	-244.800
Share-based payments		92	92
Total comprehensive income		123.864	123.864
<b>Closing balance at 30 June 2009</b>	<b>1.533.627</b>	<b>1.129.382</b>	<b>2.663.009</b>

<sup>1)</sup> The company's share capital at 30 June 2010 was NOK 1.533.626.900,-. The number of shares was 15.336.269, each with a quota value of NOK 100,-. 100 percent of the shares are owned by Nordea Bank Norge ASA.

## Cash flow statement

NOK 1000	Jan-Jun 2010	Jan-Jun 2009	Year 2009
Profit before tax	239.981	172.200	296.741
Income tax payable	(67.195)	(48.336)	(75.147)
Ordinary depreciation	0	194	337
Change in write-downs to provide for loan losses	49.485	25.046	(6.441)
<b>Cash flow from operating activities before changes in op. assets and liab.</b>	<b>222.271</b>	<b>149.104</b>	<b>215.490</b>
Change in loans to the public	(82.273.277)	(71.383)	23.354.010
Change in debt securities in issue	65.000.000	(5.605)	(1.189.494)
Change in deposits by credit institutions	13.340.160	509.111	(19.265.772)
Change in other receivables	6.071	94.019	211.180
Change in other liabilities	483.961	(200.743)	(512.253)
<b>A Net cash flow from operating activities</b>	<b>(3.220.814)</b>	<b>474.503</b>	<b>2.813.161</b>
Purchase/sale of tangible fixed assets	0	(54)	3.740
Change in loans and receivables to credit institutions, fixed terms	3.147.000	0	(2.647.000)
Change in subordinated loan capital	(500.000)	0	0
Change in holdings of bearer bonds issued by others	0	(4)	49.979
<b>B Cash flow from investing activities</b>	<b>2.647.000</b>	<b>(58)</b>	<b>(2.593.281)</b>
Group contribution/dividend paid	597.600	(244.800)	(244.800)
Reduction in members' contributions	0	0	(249)
Recognised directly in equity	0	92	179
<b>C Cash flow from financing activities</b>	<b>597.600</b>	<b>(244.708)</b>	<b>(244.870)</b>
A+B+C Net change in liquidity	23.786	229.737	(24.990)
Liquid assets at 1 January	8.419	33.409	33.409
<b>Liquid assets as at 30 June / 31 December</b>	<b>32.205</b>	<b>263.146</b>	<b>8.419</b>



## Notes to the financial statement

### Note 1 Accounting policies

The unconsolidated accounts of Nordea Eiendoms kreditt AS have been prepared in accordance with the Norwegian Accounting Act and the International Financial Reporting Standards (IFRS) as endorsed by the EU Commission. The interim accounts for the period 1 January to 30 June 2010 are presented in accordance with *IAS 34 Interim Financial Reporting*. The company's accounts were prepared in accordance with IFRS for the first time with effect from 30 June 2007, but the accounting treatment of retirement benefits has applied *IAS 19: Employee Benefits* with effect from 1 January 2005 in accordance with NRS 6 as approved in September 2005. The company's accounting principles are unchanged in comparison with the Annual Report for 2009.

### Note 2 Segment information

The activities of Nordea Eiendoms kreditt AS represent a single segment. This is a result of the manner in which the company is organised and managed, including the system for internal reporting whereby the business is to all practical purposes managed as a single segment. The services provided by Nordea Eiendoms kreditt AS are judged to be subject to the same risks and yield requirements. Nordea Eiendoms kreditt AS is part of the Nordic Banking segment of the Nordea Bank Norge group.

### Note 3 Net gains/losses on items at fair value

NOK 1000	Jan-Jun 2010	Jan-Jun 2009	Year 2009
Shares			
Interest-bearing securities		276	-3.481
Other financial instruments	-968	-1.236	4.243
Foreign exchange gains/losses		-183	-183
<b>Total</b>	<b>-968</b>	<b>-1.143</b>	<b>579</b>

#### Net gains/losses for categories of financial instruments

NOK 1000	Jan-Jun 2010	Jan-Jun 2009	Year 2009
Available for sale assets, realised			
Foreign currency derivatives		-183	-183
Financial instruments under hedge accounting	-968	-961	762
- of which net losses on hedged items	94.939	-2.064	-15.442
- of which net gains on hedging instruments	-95.907	1.104	16.204
<b>Total</b>	<b>-968</b>	<b>-1.143</b>	<b>579</b>

## Note 4 Loans and their impairment

### Loan losses

NOK 1000	Jan-Jun 2010	Jan-Jun 2009
Change in allowances for individually assessed loans	3.485	-1.054
Change in allowances for collectively assessed loans	46.000	26.100
Realised loan losses in the period	0	76
Recoveries of loan losses realised previous years	-14	-46
<b>Total loan losses for the year</b>	<b>49.471</b>	<b>25.076</b>

### Reconciliation of allowance accounts for impaired loans

NOK 1000	Jan-Jun 2010			Jan-Jun 2009		
	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
<b>Opening balance at 1 Jan</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2.441</b>	<b>4.000</b>	<b>6.441</b>
Increased provisions	0	0	0	0	0	0
New provisions	3.485	46.000	49.485	0	26.500	26.500
Reversals	0	0	0	-1.054	-400	-1.454
<b>Changes through the income statement</b>	<b>3.485</b>	<b>46.000</b>	<b>49.485</b>	<b>-1.054</b>	<b>26.100</b>	<b>25.046</b>
Allowances used to cover write-offs	0	0	0	0	0	0
<b>Closing balance at 30 June</b>	<b>3.485</b>	<b>46.000</b>	<b>49.485</b>	<b>1.387</b>	<b>30.100</b>	<b>31.487</b>

### Loans and their impairment

NOK 1000	30 June 2010	30 June 2009
Loans, not impaired	82.320.699	23.436.251
Impaired loans;	9.768	46.333
- Performing	2.523	46.333
- Non-performing	7.245	0
<b>Loans before allowances</b>	<b>82.330.467</b>	<b>23.482.584</b>
Allowances for individually assessed impaired loans;	-3.485	-1.387
- Performing	-1.679	-1.387
- Non-performing	-1.806	0
Allowances for collectively assessed impaired loans	-46.000	-30.100
<b>Allowances</b>	<b>-49.485</b>	<b>-31.487</b>
<b>Loans, book value</b>	<b>82.280.982</b>	<b>23.451.098</b>

### Key ratios

	30 June 2010	30 June 2009
Impairment rate, gross <sup>1</sup> , in %	0,01	0,20
Impairment rate, net <sup>2</sup> , in %	0,01	0,19
Total allowance rate <sup>3</sup> , in %	0,06	0,13
Allowance rate, impaired loans <sup>4</sup> , in %	0,00	2,99
Non-performing loans, not impaired <sup>5</sup> , in NOK 1000	96.100	18.284

<sup>1</sup> Individually assessed impaired loans before allowances divided by total loans before allowances.

<sup>2</sup> Individually assessed impaired loans after allowances divided by total loans before allowances.

<sup>3</sup> Total allowances divided by total loans before allowances.

<sup>4</sup> Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances, %.

<sup>5</sup> Past due loans, not impaired due to future cash flows (included in Loans, not impaired).

## Note 5 Classification of financial instruments

Of the assets listed below, Loans and receivables to credit institutions, Loans and receivables to the public, Interest-bearing securities, Derivatives, as well as accrued interest on these items, are exposed to credit risk. The exposure equals the book value presented in the tables below.

30 June 2010

<b>Assets</b> NOK 1000	Loans and receivables	Assets at fair value through profit and loss	Derivatives used for hedging	Available for sale	Non- financial assets	Total
Cash and balances with sentral banks	0					0
Loans to credit institutions	32.205					32.205
Loans to the public	76.420.982	5.860.000				82.280.982
Interest-bearing securities						0
Derivatives						0
Fair value changes of the hedged items in portfolio hedge of interest rate risk		94.939				94.939
Property and equipment						0
Deferred tax assets						0
Other assets	751					751
Prepaid expenses and accrued income	124.652					124.652
<b>Total assets</b>	<b>76.578.590</b>	<b>5.954.939</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>82.533.531</b>

<b>Liabilities</b> NOK 1000	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities	Non- financial liabilities	Total
Deposits by credit institutions			13.400.000		13.400.000
Debt securities in issue			65.000.000		65.000.000
Derivatives		145.863			145.863
Fair value changes of the hedged items in portfolio hedge of interest rate risk					0
Current tax liabilities				370.036	370.036
Other liabilities				77.012	77.012
Accrued expenses and prepaid income				7.257	7.257
Retirement benefit obligations				2.152	2.152
Subordinated liabilities					0
<b>Total liabilities</b>	<b>0</b>	<b>145.863</b>	<b>78.400.000</b>	<b>456.457</b>	<b>79.002.320</b>

30 June 2009

<b>Assets</b>	Loans and receivables	Assets at fair value through profit and loss	Derivatives used for hedging	Available for sale	Non- financial assets	Total
NOK 1000						
Cash and balances with sentral banks	4					4
Loans and receivables to credit institutions	763.143					763.143
Loans and receivables to the public	21.228.246	2.222.850				23.451.096
Interest-bearing securities		49.983				49.983
Derivatives			72.538			72.538
Fair value changes of the hedged items in portfolio hedge of interest rate risk		82.410				82.410
Property and equipment					3.936	3.936
Deferred tax assets					4.232	4.232
Other assets	1.680					1.680
Prepaid expenses and accrued income	182.715					182.715
<b>Total assets</b>	<b>22.175.788</b>	<b>2.355.243</b>	<b>72.538</b>	<b>0</b>	<b>8.168</b>	<b>24.611.737</b>

<b>Liabilities</b>	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities	Non- financial liabilities	Total
NOK 1000					
Deposits by credit institutions			19.834.723		19.834.723
Debt securities in issue	875.000		308.890		1.183.890
Derivatives		114.171	2.861		117.032
Fair value changes of the hedged items in portfolio hedge of interest rate risk	69.032				69.032
Current tax liabilities				48.271	48.271
Other liabilities				47.292	47.292
Accrued expenses and prepaid income				125.183	125.183
Retirement benefit obligations				23.056	23.056
Subordinated liabilities			500.000	249	500.249
<b>Total liabilities</b>	<b>944.032</b>	<b>114.171</b>	<b>20.646.473</b>	<b>244.051</b>	<b>21.948.728</b>

## Note 6 Derivatives

### 30 June 2010

30 June 2018			
NOK 1000	Fair value		Total nominal amount
	Positive	Negative	
<b>Derivatives used for hedging</b>			
Interest rate swaps	0	145.863	5.860.000
<b>Total</b>	<b>0</b>	<b>145.863</b>	<b>5.860.000</b>
<b>Total derivatives</b>	<b>0</b>	<b>145.863</b>	<b>5.860.000</b>

### 30 June 2009

30 June 2009			
	Fair value		Total nominal amount
NOK 1000	Positive	Negative	
<b>Derivatives used for hedging</b>			
Interest rate swaps	72.538	114.171	3.097.850
<b>Total</b>	<b>72.538</b>	<b>114.171</b>	<b>3.097.850</b>
<b>Total derivatives</b>			
	<b>72.538</b>	<b>114.171</b>	<b>3.097.850</b>

## Note 7 Capital adequacy

Nordea Eiendomskreditt is subject to capital requirements according to Basel II regulations.

Total capital base consists of Tier 1 capital (paid-up share capital and other equity) and Tier 2 capital (subordinated loan capital). Nordea Eiendomskreditt does not have subordinated loan capital.

The transition rules states that institutions using IRB method for calculating the capital requirement, in 2007, 2008 and 2009 must have a total capital base of 95% (2007), 90% (2008) and 80% (2009) respectively, of the requirement according to Basel I. The transition rules was late 2009 extended to apply also for 2010 and 2011 with 80% of the capital requirement according to Basel I.

### Capital base

NOK mill.	30 Jun 2010	31 Dec 2009	30 Jun 2009
Tier 1 capital <sup>1</sup>	3.275	2.757	2.495
Total capital base	3.275	2.757	2.495

<sup>1</sup> The result for the period is not audited and therefore not included in the capital base.

### Capital requirement

NOK mill.	30 Jun 2010		31 Dec 2009		30 Jun 2009	
	Capital requirement	Risk-weighted assets (RWA)	Capital requirement	Risk-weighted assets (RWA)	Capital requirement	Risk-weighted assets (RWA)
<b>Credit risk</b>	<b>1.125</b>	<b>14.055</b>	<b>99</b>	<b>1.233</b>	<b>1.069</b>	<b>13.360</b>
IRB foundation	1.124	14.048	18	222	1.026	12.824
- of which corporate	0	0	0	0	1.020	12.750
- of which institutions	0	0	0	0	0	3
- of which retail	1.124	14.048	0	0	5	66
of which retail SME	0	0	0	0	1	13
of which retail real estate	959	11.991	0	0	3	36
of which retail other	165	2.056	0	0	0	5
- of which other	0	0	18	222	0	5
Standardised	1	7	81	1.011	43	537
- of which sovereign	0	0	0	0	0	0
- of which other	1	7	81	1.011	43	537
<b>Market risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operational risk</b>	<b>46</b>	<b>579</b>	<b>46</b>	<b>578</b>	<b>46</b>	<b>578</b>
Standardised	46	579	46	578	46	578
<b>Sub total</b>	<b>1.171</b>	<b>14.634</b>	<b>145</b>	<b>1.811</b>	<b>1.115</b>	<b>13.938</b>
<b>Adjustment for transition rules</b>						
Additional capital requirement according to transition rules	1.763	22.041	0	0	398	4.970
<b>Total</b>	<b>2.935</b>	<b>36.675</b>	<b>145</b>	<b>1.811</b>	<b>1.513</b>	<b>18.908</b>

### Capital ratio

	30 Jun 2010	31 Dec 2009	30 Jun 2009
Tier 1 ratio incl. profit, in %	9,4 %	152,2 %	13,9 %
Capital ratio incl. profit, in %	9,4 %	152,2 %	13,9 %
Tier 1 ratio excl. profit, in %	8,9 %	-	13,2 %
Capital ratio excl. profit, in %	8,9 %	-	13,2 %

**Analysis of capital requirements**

Exposure class, 30 Jun 2010	Average risk weight	Capital requirement
Corporate	0 %	0
Institutions	0 %	0
Retail	16 %	1.124
Sovereign	0 %	0
Other	20 %	1
<b>Total credit risk</b>	<b>14 %</b>	<b>1.125</b>

Minimum capital ratio requirement is 8.0%, which has been fulfilled though the last financial period.

The process of assessing total capital requirement (ICAAP) is described in the section Publication of financial information in the Annual Report for 2009.

**Note 8 Risks and uncertainties**

Nordea Eiendomskreditt's sole business activity is secured residential lending, and the company's only exposure is therefore to the residential property market. Aside from trends in prices of residential property, the company's main risk exposure is accordingly the ability of its borrowers to service their loans. Despite uncertainty over the macroeconomic prospects for the Norwegian economy, Nordea Eiendomskreditt does not expect any material increase in loan losses since the company's loan portfolio is considered to be well secured.

Nordea Eiendomskreditt is also exposed to risks such as market risk, liquidity risk and operational risk. Further information on the composition of the company's risk exposure can be found in the Annual Report for 2009.

The company does not anticipate that the exposures and risks mentioned above will have any material adverse effect on the company over the next three months.

**Note 9 Transactions with connected parties**

Nordea Eiendomskreditt considers that its connected parties are its parent company, other companies in the Nordea group, and key persons in senior positions.

In February 2010, Nordea Eiendomskreditt took over the full exposure to interest rate risk, liquidity risk and credit risk in respect of the loan portfolio purchased from its parent company Nordea Bank Norge ASA in 2008 and 2009. In accordance with IFRS, the portfolio is therefore reported in the balance sheet of Nordea Eiendomskreditt with effect from the first quarter of 2010. With effect from the same time, the loan portfolio of approximately NOK 80 billion has been removed from the balance sheet of Nordea Bank Norge ASA.

## **Statement by the members of the Board of Directors and the Managing Director**

The Board of Directors and the Chief Executive Officer consider that to the best of their knowledge the interim report for the six months to 30 June 2010 gives a true and fair view of the company's activities, its commercial position and results. The Board of Directors and the General Manager also consider that to the best of their knowledge the description of the most relevant risk factors the company faces gives a true and fair view.

Oslo, 11 August 2010  
The Board of Directors  
Nordea Eiendoms kreditt AS

Jon Brenden  
Chairman

Børre Gundersen

Fanny Borgström

Eva Jarbekk

Monica Blix

Marianne Glatved  
Managing Director